

Message Text

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ACTION NEA-10

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 /133 W

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R 100950Z NOV 76

FM AMEMBASSY DOHA

TO SECSTATE WASHDC 1977

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

C O N F I D E N T I A L DOHA 1185

E.O. 11652: GDS

TAGS: PFOR, OPEC, QA, US, ENRG

SUBJ: OPEC MINISTERIAL CONFERENCE TIMING, OIL PRICES, ETC--
QATARI VIEWS

REF: ABU DHABI 2950, JAKARTA 14428

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1. ON NOV 10 I MET WITH GOQ MINISTER OF FINANCE AND PETROLEUM,

SHAYKH ABDUL AZIZ BIN KHALIFA AL THANI, FOR GENERAL DISCUSSION OF FORTHCOMING OPEC MINISTERIAL IN DOHA, O W PRICES, ETC. I ASKED WHETHER CONFERENCE TIMING MIGHT SLIP SOMEWHAT BECAUSE OF CONFLICTING CIEC PARIS MEETINGS. ABDUL AZIZ REPLIED THAT TO BEST OF HIS KNOWLEDGE CONFERENCE WOULD GO OFF ON SCHEDULE DEC 15, AND NOTED THAT GOQ, AS HOST GOVERNMENT, SHOULD BE AMONG FIRST TO KNOW OF ANY TIMING CHANGE.

2. WE THEN DISCUSSED OIL PRICES AND REPEATED PUBLIC REPORTAGE THAT OPEC WOULD AGREE ON HIKE OF 10 PERCENT OR MORE DURING DOHA MEETING. I EXPLAINED USG'S GENERAL OPPOSITION TO THE PRICE HIKE, EMPHASIZING DELICACY OF TIMING DURING PERIOD OF POLITICAL TRANSITION IN U.S. AND POSSIBLE SLOWING OF ECONOMIC RECOVERY IN INDUSTRIAL COUNTRIES. I ASKED ABDUL AZIZ WHETHER THERE MIGHT BE SOME SECOND THINKING WITH OPEC ABOUT WIDELY PREDICTED PRICE HIKE.

3. ABDUL AZIZ RESPONDED EMPHASIZING THAT THERE AS YET HAS BEEN NO RPT NO OPEC DECISION ON PRICE HIKE, AND IB WAS STILL VERY MUCH AN OPEN QUESTION. HE COMMENTED THAT THIS WAS WHAT THE CONFERENCE WAS ALL ABOUT. HE THEN WENT THROUGH HIS USUAL DRILL ABOUT THE DESIRABILITY OF INDEXATION AND CONTINUING IMPACT ON QATAR AND OTHER OIL PRODUCERS OF INFLATIONARY SPIRAL ON PRICES OF THINGS THEY IMPORTED. HE DECLINED TO GIVE HIS PERSONAL OR GOQ POSITION ON QPRICE HIKE, STATING THAT THIS WOULD BE WORKED OUT DURING CONFERENCE, BUT DID NOT PRECLUDE A CONTINUED FREEZE, OR ANYTHING ELSE FOR THAT MATTER. HE PROMISED THAT USG VIEWS WOULD BE GIVEN FULL CONSIDERATION.

4. DURING NOV 9 CONVERSATION, DR HASSAN KAMEL, AMIR'S SENIOR POLITICAL/DIPLOMATIC ADVISOR, STATED CATEGORICALLY THAT GOQ COUNTED ITSELF AMONG OPEC MEMBERS SEEKING PRICE INCREASE. (KAMEL WAS GOQ'S FIRST DELEGATE AND OPEC GOVERNOR AND HAS PLAYED AN INFLUENTIAL ROLE IN OIL AFFAIRS HERE OVER THE YEARS. RECENTLY HE HAS DROPPED OUT OF THE MAIN STREAM OF PETROLEUM ACTIVITIES AND IS THEREFORE AT A DISTANCE FROM CURRENT GOQ POLICY ALTHOUGH HIS VIEWS CONTINUE TO BE HEARD.) HE SPECIFICALLY STATED THAT QATARIS AT ODDS WITH SAUDIS ON THIS
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QUESTION, BUT ACKNOWLEDGED THAT POLITICAL FACTORS COULD BE INFLUENTIAL IN EVENTUALLY LINING GOQ UP WITH SAUDIS. KAMEL CRITICIZED WHAT HE DESCRIBED AS U.S. AND OTHER WESTERN COUNTRIES' NON-RESPONSE TO OPEC SUGGESTIONS ON WORKING OUT REASONABLE MECHANISM TO RATIONALIZE OIL PRICES WITH THOSE OF INDUSTRIAL GOODS AND OTHER COMMODITIES. HE SAID SUCH ARRANGEMENT ESSENTIAL TO CONTINUING DEVELOPMENT OF OIL PRODUCING COUNTRIES AND UNTIL IT REACHED, OPEC WOULD HAVE TO TAKE UNILATERAL ACTION ON PRICES AS REQUIRED. I RESPONDED TO KAMEL'S ARGUMENTS BY POINTING TO CIEC AS EARNEST OF U.S. AND INDUSTRIALIZED COUNTRIES' GOOD FAITH IN APPROACHING

PROBLEMS OF PRODACERS AND OTHER DEVELOPING COUNTRIES.

5. KAMEL NOTED THAT HE WAS NOW PREPARING WELCOMING SPEECH TO BE DELIVERED BY AMIR AT OPENING SESSION OF OPEC MINISTERIAL. HE SAID IT WOULD BE CAREFULLY STRUCTURED TO "AVOID OFFENDING" ANY MEMBER COUNTRY.

6. COMMENT: IS DEPT CONSIDERING INSTRUCTING OPEC COUNTRY POSTS TO MAKE DEMARCHE ON PRICES PRIOR TO MINISTERIAL? ALTHOUGH QATARIS APPEAR NONCOMMITAL ON POSSIBILITY OF CONTINUED PRICE FREEZE, REFTELS INDICATE THERE MAY BE RECEPTIVITY TO U.S. APPROACH IN OTHER OPEC COUNTRIES. PLEASE ADVISE.
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